



**PATENT**  
**075006.0103**

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

In re application of:	§	
	§	
Morley et al.	§	Group No.: 3629
	§	
Serial No.: 09/918.092	§	Examiner: Ouellette, Jonathan P.
	§	
Filed: July 30, 2001	§	
	§	
Invention: Method for Complying With	§	
Employment Eligibility	§	
Verification Requirements	§	

Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

**DECLARATION OF ELAINE MORLEY**  
**SUBMITTED PURSUANT TO 37 C.F.R. § 1.132**

I, Elaine Morley, hereby declare and state that:

1. I am the chairman of the board of Lookout Services, Inc. (formerly known as Labor Check Inc.) and have held that position since September 23, 1999.
2. My occupation involves determining compliance by employers with legal requirements for employment, including employment eligibility documentation.
3. Since at least June 27, 1988, both large and small employers have recognized the need for checking the accuracy of employment eligibility documentation. That long felt need is corroborated by a Wall Street Journal article of June 27, 1988, which is attached as Exhibit 1. As discussed in that article, "From Fortune 500 conglomerates to the neighborhood diner, employers this month began facing fines for first-time offenses under the nation's new

immigration law.” The article also accurately describes the threat of fines that companies faced for “paperwork violations.”

4. In 1988, after the threat of fines and fines actually issued to employers as discussed in Exhibit 1, employers began trying to solve the problem of checking the accuracy of employment eligibility documentation.

5. In 1998, a decade after companies began to feel a need, backed up by fines, for checking the accuracy of employment eligibility documentation, that need was still unsolved. Employees at even large companies continued to fill out employment eligibility documentation without an effective method or system for checking the accuracy of the information included. The need for such checking had become long felt and had not been satisfied by another.

6. The invention of the application bearing serial number 09/918,092 satisfies the long felt need for checking the accuracy of employment eligibility documentation. By comparing the data entered into fields of an employment verification document with expected values and generating and displaying error messages when there is not a match, the accuracy of employment eligibility documentation is checked. By comparing dates included in data entered into fields of an employment verification document with a time sequence and displaying error messages when there is not a match, the accuracy of employment eligibility documentation is checked. By applying a rule to received data corresponding to a field of an employment eligibility verification document and displaying predetermined text based at least in part on an outcome of applying the rule, the accuracy of employment eligibility documentation is checked. By comparing received time data corresponding to a field of an employment eligibility verification document to one or more time values based on the current time and displaying

predetermined text based at least in part on an outcome of the comparison, the accuracy of employment eligibility documentation is checked.

7. A computer program that include instructions that cause a computer to perform the steps discussed in paragraph 6 satisfies the long felt need for checking the accuracy of employment eligibility documentation by providing a tool that companies can use on their computers to monitor compliance.

8. Lookout Services, Inc. has experienced commercial success with a software product ("Verification Software") that practices the claimed invention. The Verification Software has achieved commercial success in terms of market share. In only a few years since its introduction, the Verification Software has been adopted by several of the largest employers in the United States.

9. Wal-Mart purchased the Verification Software from Lookout Services, Inc. in 2004 and is currently uses that software for verifying employment eligibility documentation. In addition, Wal-Mart audited all of its previously prepared employment eligibility documentation using the Verification Software. Adoption by Wal-Mart alone accounts for use of the Verification Software by over 1.2 million employees in the United States. An excerpt from the Wal-Mart website indicating that company's current employment is attached as Exhibit 2. (The United States employment figure is on page 3.)

10. Under some of its sales agreements, Lookout Services, Inc. cannot publicize the names of its clients. Those clients use the Verification Software with over 370,000 employees.

11. The total nonfarm payroll employment in the United States has just exceeded 130 million in the last two years. An excerpt from a Bureau of Labor Statistics bulletin is attached as Exhibit 3. (United States employment is shown in Chart 2.)

12. The Verification Software has experienced commercial success. Lookout Services, Inc. had no preestablished business five years ago when it began selling the Verification Software. Now throughout the United States more than one employee in eighty works for a company that verifies employment eligibility documentation using the Verification Software.

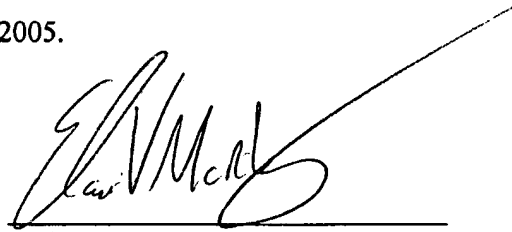
13. The Verification Software, which has experienced commercial success, practices the claimed invention. The Verification Software compares the data entered into fields of an employment verification document with expected values and generates and displays error messages when there is not a match. The Verification Software compares dates included in data entered into fields of an employment verification document with a time sequence and displays error messages when there is not a match. The Verification Software applies a rule to received data corresponding to a field of an employment eligibility verification document and displays predetermined text based at least in part on an outcome of applying the rule. The Verification Software compares received time data corresponding to a field of an employment eligibility verification document to one or more time values based on the current time and displays predetermined text based at least in part on an outcome of the comparison.

14. The success of the Verification Software is derived from the claimed invention. The features recited in the claims and discussed in paragraph 13, are the focus of customer inquiries received by Lookout Services, Inc. and have made the extensive sales and use of the Verification Software possible. The advantage of greater accuracy in the preparation of

employment verification documentation has resulted in the commercial success of the Verification Software.

15. I hereby declare that all statements made herein of my own knowledge are true and that all statements made herein on information and belief are believed to be true. I declare that these statements are made with the knowledge that willful false statements, and the like so made, are punishable by fine or imprisonment, or both, under Section 1001, Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application or any patent issuing thereon.

Signed this 29th day of July, 2005.



Elaine Morley

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try to provide a better-quality product to the customer," says C.B. Ross, a quality official at Capital Mercury Shirt Co. and former chairman of the quality committee of the American Apparel Manufacturers Association. "The consumer has become more aware of problems that they have had all along," Mr. Ross says. Manufacturers haven't changed their rule of thumb of holding defective garments to less than 1% of the total produced, and he says they are still largely meeting that goal.

Complaining about a decline in quality has long been a favorite consumer pastime, but customers are becoming particularly vocal these days about poor workmanship in higher-priced lines, says Paul D. Campbell, a market researcher in Minneapolis who tracks consumers' attitudes for retailers.

One reason: Hasty increases in clothes prices have jolted people into paying more attention. During most of this decade, apparel prices rose slowly, because low-

ery by skimping on workmanship, materials or quality inspections to keep prices from rising even faster, according to apparel industry analysts.

This fall's offerings, for instance, may include more clothes made from blends of synthetic fibers and wool instead of pure wool. "A lot of manufacturers have become very sensitive to the impact of price increases," says Carl Steidtmann, chief economist at the Management Horizons retail consulting unit of Price Waterhouse. "One way to keep prices within the expectations of their customers is to reduce the natural fiber content."

Bernard Wolford, an industrial engineer and principal with the consulting firm of Kurt Salmon Associates, calls such trade-offs "value engineering." But the result can be shoddy merchandise. Oscar Noble, assistant manager of New York Cleaners in Washington, D.C., says more seams and hems these days are sewn with synthetic threads that unravel more easily when snagged than cotton threads.

oversized and layered looks that were popular during most of this decade. The result: Women are finding armholes that are too far forward or too far back, and darts that don't lead properly to the bottom, according to Marjorie Deane, a fashion consultant who publishes ToBe Report. "Things just don't fit," she says.

World-wide manufacturing compounds the problem. Clothing from the same line often is produced in several countries, making it difficult for apparel companies to offer goods of consistent quality.

But the mindset of the fashion and retailing industries also is a factor, particularly in women's wear. Instead of focusing on quality, manufacturers and retailers tend to concentrate on trendy clothes with shorter life spans than in the past—in both style and quality—as a way to keep customers coming back.

Consider what Irwin Kahn, an industry consultant and dean of business and technology at New York's Fashion Institute of Technology, says about how long clothes

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# For Many Employers, Immigration Law Is Still Puzzling—and a Burden to Follow

By DIANNA SOLIS  
Staff Reporter of THE WALL STREET JOURNAL

The immigration cops are on the prowl for new prey: employers.

From Fortune 500 conglomerates to the neighborhood diner, employers this month began facing fines for first-time offenses under the nation's new immigration law. Repeat offenders may even face arrest—just as illegal immigrants always have.

The Immigration Reform and Control Act, though adopted in 1986, has taken effect gradually. For many of the nation's seven million employers, the law has been difficult to understand and often cumbersome to follow. Besides making it illegal for the first time to hire an illegal immigrant, the law imposes new record-keeping requirements for virtually everyone who regularly employs anyone.

The Immigration and Naturalization Service insists it is enforcing the law with moderation. "We aren't going to write fine notices left and right," an agency official says. But some attorneys representing employers believe that INS agents actually are all too eager to show their teeth.

"Their attitude is just like the IRS: You put the fear of God in them and they will comply," says lawyer Peter Larrabee, a former Border Patrol agent who now represents employers against the INS.

The following questions and answers may help employers escape getting fined—or even going to jail.

**How much can they fine me for hiring an illegal immigrant?**

For the first offense of knowingly hiring an illegal, an employer can be fined from \$250 to \$2,000 a worker; for the second offense, \$2,000 to \$5,000; for the third and subsequent offenses, \$3,000 to \$10,000 each. If employers show a "pattern or practice" of violating the law, they can face criminal sanctions of \$3,000 for each worker and up to six months in jail.

**Is it true that I can be fined for paperwork violations, even if I've never hired an illegal immigrant?**

Yes. An employer is required to fill out a government form, known as the I-9, for every employee hired after Nov. 8, 1986. A fine can be levied for not properly filling out, retaining or presenting this form for inspection. The civil fines range from \$100 to \$1,000 for each violation. In March, the largest fine yet sought by the INS under the new law—\$27,000—was issued against the Big Bear Markets grocery-store chain in San Diego for 135 paperwork violations.

The INS says that 112 of the violations were for failure to fill out the I-9 government form. Big Bear is appealing the fine.

**So if the INS hits me with a fine, I can appeal?**

Yes, within 30 days of receiving the notice, an employer can request a hearing before a Justice Department administrative law judge. After that, the U.S. attorney general's office can, within 30 days, vacate or modify the administrative law judge's decision. The employer has 45 days to appeal the administrative law judge's order to a U.S. Court of Appeals.

**Why bother appealing if I get fined? Why not just pay the fine as a cost of doing business and get it over with?**

If you are guilty, that's the appropriate route, attorneys say. It can easily cost \$10,000 to defend against a \$3,000 fine. But if you have a plausible defense and don't exercise it, it could affect your potential liability down the line, says Paul W. Schmidt, a Washington attorney and former INS acting general counsel. "If you start stringing up a number of those (fines), the government will have a pretty good pattern," which could lead to criminal charges and a possible jail sentence.

**It's one thing for the INS to go after a big grocery-store chain. But do I have to fill out an I-9 form when my kid sister comes over to baby-sit?**

Congress considered, but rejected, an exemption for small employers. A boss is exempt from the paperwork requirements, though, if the situation involves "casual employment by individuals who provide domestic service in a private home" on a "sporadic, irregular or intermittent" basis. But even a baby sister or maid held to a regular schedule must have an I-9 form on file.

**Am I liable for independent contractors and their employees?**

No. For example, if you contract with a company to provide temporary clerical help, you don't have to complete I-9s for those employees. However, the INS says you must not "knowingly use contract labor to circumvent" the law against hiring unauthorized workers.

**We've got laws that forbid me from asking applicants about age, race and ethnicity. Yet the I-9 forms require me, in some cases, to check birth-**

**certificates, citizenship documents and legal residency cards. Can I break a color-rights law while complying with the new immigration law?**

Yes, but you can take steps to avoid it. Many attorneys advise requesting nationality documents only after you've offered someone a job. You also might come up with an application form that simply asks job seekers to affirm their eligibility to work in the U.S.

**Wouldn't it be safer just to hire people who don't speak with accents?**

No. The new law prohibits discriminating against an individual—other than an illegal immigrant—in hiring, discharging or recruiting because of national origin or citizenship. What's more, these provisions apply to bosses who employ as few as four people, while earlier civil-rights laws apply only to employers of 14 or more.

**I know that if a worker has a driver's license and a Social Security card, that's all I have to ask for to satisfy the law's requirements. But you can buy forgeries anywhere. Am I supposed to become an expert in fake documents, too?**

The INS says that if the documents appear to be "genuine on their face and to relate to the person," you should accept them.

**What if INS agents come into my place of business brandishing subpoenas and ask to see not only my I-9s but all of my payroll records, work schedules and Internal Revenue Service forms, such as W-2s?**

Under INS regulations, the agency "shall have reasonable access to see any relevant evidence of any person being investigated." Rosario Silvestro of Channel Fish Co., Boston, sued the INS in federal court, claiming the agency went on a "fishing expedition" and conducted an "unduly intrusive and burdensome" investigation with an overly broad subpoena. A federal judge, however, ordered the small, family-owned business to comply. Mr. Silvestro says it's too costly to appeal.

**Can I require that my new employees put up a bond as "protection" from the penalties of the new law?**

Do it, says the INS, and you'll face a civil fine of \$1,000 for each bond and an order to return the money to the worker.

The Wall Street Journal June 27, 1988 Monday

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**BYLINE:** By Dianna Solis, Staff Reporter of The Wall Street Journal

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#### NOTES:

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LOAD-DATE: December 5, 2004





News Desk

Community Impact

Associate Center

Key Topics

Do You Know?

Talk With Us

Search  Entire Site ☐ by  State ☐ for  **FIND ★**

## News Desk

### Photo and Video Gallery

Wal-Mart Fact Sheets

News Center

Meet Our People

Meet Our Partners

Media Contacts

Community Affairs

Contacts

Annual Report



## Wal-Mart Fact Sheets

Here are the facts behind the story of today's Wal-Mart - concise, straightforward information about the people and practices that shape the company - right from the source.

### AT A GLANCE

BENEFITS

COMMUNITY IMPACT

CONTRACTOR  
STANDARDS

DIVERSITY FACT SHEET

EMPLOYMENT OVERVIEW

FORMER PROPERTIES

### HEALTH CARE COVERAGE

INTERNATIONAL OPERATIONS

MILITARY SUPPORT

PROMOTING FROM WITHIN

PUBLIC ASSISTANCE HEALTH  
CARE COVERAGE

SOURCING

WAGES

## Do You Know?

Seventy-six percent of our store management started in hourly positions.

[read on ★](#)

## Special Programs

Through our foundation, we support many good causes across the country.

[read on ★](#)

## At A Glance

**Fact:** Wal-Mart Stores, Inc. is the world's largest retailer, with \$285.2 billion in sales in the fiscal year ending Jan. 31, 2005. The company employs 1.6 million associates worldwide through more than 3,600 facilities in the United States and more than 1,570 units in Mexico, Puerto Rico, Canada, Argentina, Brazil, China, Korea, Germany and the United Kingdom. More than 138 million customers per week visit Wal-Mart stores worldwide.

**Retail Divisions** – Guided by founder Sam Walton's passion for customer satisfaction and "Every Day Low Prices," Wal-Mart's four retail divisions – Wal-Mart Supercenters, Discount Stores, Neighborhood Markets and SAM'S CLUB warehouses – offer a wide variety of quality merchandise to consumers around the world.

**Wal-Mart Milestones** – 1962: first Wal-Mart in Rogers, Ark., opens. 1969: company incorporated as Wal-Mart Stores, Inc. 1970: first distribution center and home office in Bentonville, Ark. open; Wal-Mart goes public on the New York Stock Exchange. 1979: annual sales top \$1 billion. 1983: SAM'S CLUB warehouse concept introduced. 1988: first Supercenter opens. 1991: first international unit opens in Mexico City.

By the turn of the century Wal-Mart had been named "Retailer of the Century" by Discount Store News; made FORTUNE magazine's list of the "100 Best Companies To Work For," and was ranked on Financial Times' "Most Respected in the World" list. In 2002, Wal-Mart became No. 1 on the FORTUNE 500 list. In 2003 and 2004, Wal-Mart was named "Most Admired Company in America" by FORTUNE magazine. In addition, Wal-Mart was presented with the Ron Brown Award for Corporate Leadership, a presidential award that recognizes companies for outstanding achievement in employee relations and community initiatives.

**Wal-Mart Involvement** – Wal-Mart Stores, Inc. empowers its associates to serve the needs of their communities through its Good Works initiative. For fiscal year ending January 31, 2005, cash donations through Wal-Mart Stores and its Wal-Mart & SAM'S CLUB Foundation exceeded a record \$170 million.

More information about Wal-Mart, Inc. can be located online at [www.walmartstores.com](http://www.walmartstores.com), [www.samsclub.com](http://www.samsclub.com) and [www.walmartfoundation.org](http://www.walmartfoundation.org). Wal-Mart stock trades on the New York and Pacific Stock Exchanges under the ticker symbol WMT.

*"We're all working together; that's the secret. And we'll lower the cost of living for everyone, not just in America, but we'll give the world an opportunity to see what it's like to save and have a better lifestyle, a better life for all. We're proud of that."*

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## Benefits

**Fact: Wal-Mart offers affordable health care benefits to our associates.** We work hard to offer good, affordable coverage to our people. Historically, Wal-Mart has paid about two-thirds of the cost of the Associates' Medical Plan. We insure more than 500,000 associates, including many family members, who pay as little as \$17.50 for individual coverage and \$70.50 for family coverage bi-weekly. Unlike many plans, after the first year, the Wal-Mart medical plan has no lifetime maximum for most expenses, protecting our associates against catastrophic loss and financial ruin.

Associates also have access to world class healthcare at the Mayo Clinic, Stanford University Hospital, Johns Hopkins University Hospital and many other leading health care facilities without insurance approval.

In recent years, Wal-Mart has contributed 4 percent of an associate's eligible pay to the combined Profit Sharing & 401(k) plan. Our hourly associates, just like our management and executive associates, receive bonuses and other incentives for helping the company achieve its goals. In 2004, we project we will spend \$4.1 billion on benefits for our associates.

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## Community Impact

**Fact: Wal-Mart supports communities financially and provides hundreds of jobs.** Our property taxes, sales tax revenue and community giving help fund basic services like police and fire departments and schools, and support for invaluable charities. The typical Supercenter raises or gives \$30,000 to \$50,000 a year to local charitable needs ranging from youth programs to literacy councils. In fact, Wal-Mart is the largest corporate cash contributor in America. In fiscal year ending 2005, Wal-Mart Stores, Inc. and the Wal-Mart & SAM'S CLUB Foundation contributed more than \$170 million to support communities and local non-profit organizations. More than 90 percent of cash donations from Wal-Mart Stores and the Wal-Mart & SAM'S CLUB Foundation target local communities. That's \$18,000 an hour or \$5 a second. In 2004, Wal-Mart collected more than \$11.2 billion in state and local sales taxes and paid millions in property taxes.

A UBS Warburg study found that Wal-Mart grocery prices are 17 to 20 percent lower than other supermarkets, which has the greatest benefit for a community's low-income families. According to a study done by the Los Angeles Economic Development Council, Wal-Mart potentially saves individual families more than \$500 a year. This is money that can be used to buy food, gas or any other priorities for that family.

Studies show that new businesses spring up near Wal-Marts and existing stores flourish as they take advantage of the increased customer flow to and from our stores. Drive by any Wal-Mart store and count the number of businesses operating nearby, many are independent local businesses or locally owned franchises. The most definitive look at this issue, by Dr. Emek Basker at the University of Missouri, showed average increases of 50 retail jobs in communities five years after the entry of Wal-Mart.

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## Contractor Standards

**Fact: We require our contractors and subcontractors to follow all laws.** We require companies that do business with our company to comply with all laws and regulations. These requirements are memorialized in contracts we sign with our contractors. To reinforce our expectations, we are also developing monitoring systems to ensure contractors that do business with our company comply with all relevant laws and regulations.

At Wal-Mart we believe in "doing the right thing." We expect contractors that provide services to our company to also do the right thing for their employees and communities.

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## Diversity Fact Sheet

directors and extends throughout the organization. Our 14-member board of directors includes a female, two African Americans and two Hispanics. Wal-Mart is a leading employer of Hispanics in the U.S. with more than 775,000 females; 139,000 Hispanic associates; a leading employer of African Americans with more than 208,000 African Americans; and an employer of more than 220,000 seniors who are 55 and older.

We know that attracting diverse customers, associates and suppliers is critical to our success.

In establishing the Office of Diversity in 2003, we appointed a chief diversity officer. Her team serves as the company's focal point for diversity initiatives that place Wal-Mart among corporate leaders in this regard. Wal-Mart actively recruits talent from colleges and universities with significant populations of diverse students, including many women's colleges, historically black colleges and universities, and colleges with a high Hispanic representation. Additionally, Wal-Mart recruited at more than 59 diversity career fairs in 2004.

We have put specific programs in place to make sure we have a talent pool of women and minorities who are well prepared for management jobs. In 2003, Wal-Mart expanded its offering of leadership seminars designed specifically for women; in 2004, we added leadership seminars designed specifically for people of color. All of the seminars are designed to enhance the leadership skills of these members of management in an effort to advance their careers. Initial measurements of participant retention have been positive.

We provide diversity training to all levels of management and hourly associates.

Officer compensation is now linked to diversity goals. If company officers do not meet their individual diversity goals, bonuses are reduced up to 15 percent.

Wal-Mart's senior leaders are actively engaged in our diversity initiatives, and, in some cases, serve as external board members for diversity-related organizations. Among the organizations receiving support are the National Council of LaRaza, the Business Women's Network/Diversity Best Practices, the Congressional Black Caucus, the International Women's Forum, the National Urban League, NAACP, National Association of Female Executives, the Organization of Chinese Americans, Gathering of Nations, National Council on Aging, the National Organization on Disability, the League of United Latin American Citizens and the Black Retail Action Group.

Our multicultural merchandise mix reflects our respect for our diverse customer base and we are committed to communicating effectively through our advertising and shopping environment.

In 2005, Wal-Mart was named on the DiversityInc Top 50 Companies For Diversity list.

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## Employment Overview

**Fact: More than 1.2 million Associates work at Wal-Mart in the U.S.** The majority of Wal-Mart's hourly store associates in the U.S. work full-time. That's well above the 20 - 40 percent typically found in the retail industry. We are a leading employer of Hispanic Americans, with more than 139,000 Hispanic associates. Wal-Mart is one of the leading employers of African Americans, with more than 208,000 African-American associates. More than 220,000 of our associates are 55 or older. We project we will create positions for more than 100,000 new jobs in 2005.

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## Former Properties

**Fact: Wal-Mart recycles unused stores to benefit our communities.** We have a full-time team of real estate professionals, backed by an entire department dedicated solely to making sure available Wal-Mart properties are sold or leased to benefit our communities. Our stores have been converted to other retailers including Hobby Lobby, Big Lots and Burlington Coat Factory. They've also been turned into schools, churches, call centers and automobile dealerships. Last year, we sold, leased or sub-leased more than 15 million square feet of space for our communities. It's our responsibility to recycle our unused stores and we take it very seriously.

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## Health Care Coverage

**Fact: Our health care plan insures full-time and part-time associates once eligible.** Last year, this was more than 500,000 associates, including many family members. Currently, 86 percent of Wal-Mart hourly store associates surveyed have medical insurance - 56 percent of those with coverage received health care insurance from Wal-Mart and the remainder receive health care through another source such as another employer, a family member, the military or Medicare. Unlike many plans, after the first year, the Wal-Mart medical plan has no lifetime maximum for most expenses, protecting our associates against catastrophic loss and financial ruin.

Associates enrolled in the Associates' Medical Plan also have access to world class health care at the Mayo Clinic, Stanford University Hospital, Johns Hopkins University Hospital and many other health care facilities, all without insurance approval.

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## International Operations

**Fact: Wal-Mart serves people around the world.** Today, millions of people worldwide enjoy the rewards of shopping with Wal-Mart. From our first international store in 1991 we have grown to more than 1,500 stores in nine countries, proving that our Every Day Low Price promise is a clear message in any language. Wal-Mart International currently operates stores and clubs employing more than 330,000 associates in Argentina, Brazil, Canada, China, Germany, Korea, Mexico, Puerto Rico, and the United Kingdom. Wal-Mart also owns a 37.8% interest in Seiyu, Ltd., a leading Japanese retailer.

We've experienced international success through our ability to adapt Wal-Mart's unique concepts to each new country. Our Associates are involved in local communities and cultures. They respond to customer needs, merchandise preferences and local suppliers. By serving each hometown in its own unique way, Wal-Mart International has realized significant growth with potential for much greater development worldwide.

Our global expansion was achieved through a combination of new store construction and acquisitions. This strategy has given us excellent market penetration and opportunities for future development. We view Wal-Mart's expansion throughout North America, Latin America, Asia and Europe as a solid foundation with many promising areas for further growth.

International sales reached \$47.5 billion in fiscal year ending 2004, a 16.6 percent increase over the previous year, and operating profits rose to \$2.3 billion, an increase of 18.6 percent. In 2005, Wal-Mart International plans to open 155 to 165 new stores in existing markets.

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## Military Support

**Fact: In 2004, more than 38,000 Wal-Mart associates told us they have served in the military.** Currently, 3,200 associates are on military leave. It's obvious we are loyal supporters of men and women in the armed forces. More often than not, they are our friends, neighbors, and frequently our fellow associates. Wal-Mart proudly offers continuation of benefits and salary differential to associates called to active duty.

Last year, Wal-Mart partnered with the Veterans of Foreign Wars Foundation (VFW) to provide more than 900,000 Communications Kits that included free phone cards, writing paper, envelopes, and more so that servicemen and women could stay in touch with loved ones. The Company also made it possible for customers nationwide to send messages through in-store kiosks to support our military men and women. We provide millions of dollars in financial aid to military family-support organizations and work with manufacturers to supply clothing for the wounded and special-need items for the troops.

Wal-Mart donated \$6 million to help build the World War II memorial in Washington D.C. while associates and customers raised an additional \$8.5 million. In 2003, Wal-Mart was honored with the prestigious "Corporate Patriotism Award" sponsored by the Employer Support for Guard & Reserve (ESGR) and in 2004 honored with the Secretary of Defense "Employer Supports Freedom Award," also sponsored by ESGR.

■ [Click here to learn more about Wal-Mart's commitment to our military personnel.](#)

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## Promoting From Within

**Fact: Seventy-six percent of our store management started in hourly positions.** We believe in promoting from within and we walk the talk. We provide career opportunities for people who may never have dreamed of one day supervising a multi-million dollar department or a \$100 million Supercenter.

Many associates will advance to careers in retail, but also to careers which support our core business: real estate, public policy, merchandising, logistics, information technology, marketing, advertising and more. We project we will create more than 100,000 new jobs this year in the United States.

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## Public Assistance Health Care Coverage

**Fact: Wal-Mart does not encourage our associates to apply for public assistance.** We will be the first to acknowledge that health care is a tough issue... for us and for the country. We work hard to keep our associate premiums affordable and think we are doing a pretty good job. Premiums start at less than \$40 a month for an individual and less than \$155 per month for a family, no matter how many members.

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## Sourcing



[Click Here To View And Download The 2003 Factory Certification Report](#)

**Fact: Wal-Mart buys merchandise and services from more than 61,000 U.S. suppliers and supports over 3 million supplier jobs in the United States.** In fiscal year ending 2004, Wal-Mart spent over \$150 billion with suppliers in the U.S. We buy billions of dollars worth of goods in the United States, from large suppliers and from "mom and pops," including small farmers, and minority and women-owned businesses. Many Wal-Mart Stores participate in our "Store of the Community," which showcases local products from local producers. We buy apples in Washington, pumpkins in Illinois, bacon in Minnesota, barbecue in Missouri, and many other products from every corner of the country.

As Wal-Mart's U.S. customer base continues to grow in diversity and as we expand our retail stores internationally, we must offer a mix of products to these customers around the world. We source from the global market to offer our customers who live paycheck to paycheck the greatest value for their money on many essential products. To do this, we buy, in addition to the U.S., from many regions, such as Africa, Asia, Europe, and Latin America.

Also, we try to offer our customers what they are used to buying. For example, we offer some Mexico food brands in our stores that are in high Hispanic population areas. However, our import trade with the U.S. is "two-way." We have set up a Wal-Mart USA export office that helps small and medium sized businesses export their American-made products. For instance, we now export Washington apples to our Wal-Mart Mexico stores; Illinois peanuts to our stores in Japan and Korea; and fruit juices from California and New York to Wal-Mart Argentina.

Wal-Mart estimates that we purchased about \$18 billion from China last year – about \$9 billion imported from direct sources and about \$9 billion from indirect sources – compared to \$150 billion spent last year with all kinds of suppliers in the U.S.

As an expression of respect for those who produce the merchandise we sell, we are committed to utilizing our Factory Certification Program to make a difference in the quality of life for workers, their families and communities.

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## Wages

**Fact: The majority of Wal-Mart's hourly store associates in the United States work full-time.** That is well above the 20 - 40 percent typically found in the retail industry. Our average hourly wage for regular full-time associates in the U.S. is \$9.69 an hour, almost double the federal minimum wage. Wal-

Mart's average full-time wage in urban areas is slightly higher than the national average. For example: Chicago, \$10.69; Austin, TX, \$10.69; Washington D.C./Baltimore, \$10.08; Atlanta, \$10.80; and in Los Angeles, \$9.99.

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# News

United States  
Department  
of Labor

Bureau of Labor Statistics

Washington, D.C. 20212

**Technical information:**

Household data:

(202) 691-6378  
<http://www.bls.gov/cps/>

USDL 05-178

Establishment data:

691-6555  
<http://www.bls.gov/ces/>Transmission of material in this release  
is embargoed until 8:30 A.M. (EST),  
Friday, February 4, 2005.

Media contact:

691-5902

**THE EMPLOYMENT SITUATION: JANUARY 2005**

Nonfarm payroll employment increased by 146,000 in January and the unemployment rate decreased to 5.2 percent, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. Job growth continued in several service-providing industries, while manufacturing employment declined over the month.

Chart 1. Unemployment rate, seasonally adjusted,  
February 2002 – January 2005

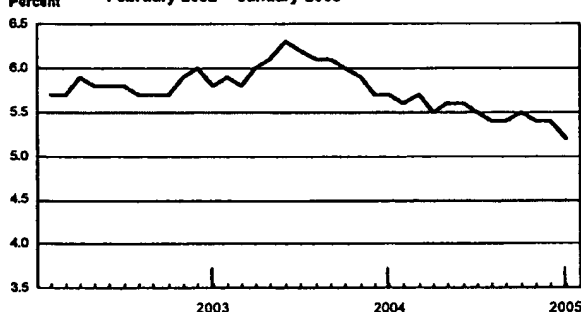
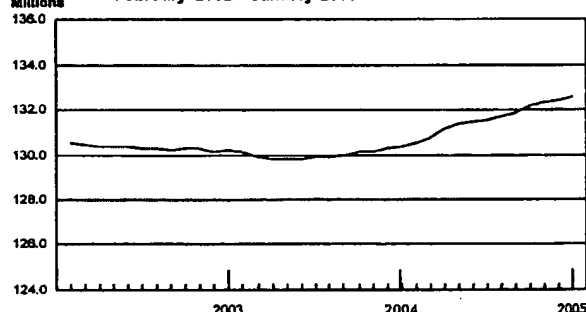


Chart 2. Nonfarm payroll employment, seasonally adjusted,  
February 2002 – January 2005

**Unemployment (Household Survey Data)**

Both the number of unemployed persons, 7.7 million, and the unemployment rate, 5.2 percent, declined in January. The jobless rate was down from 5.7 percent a year earlier. Over the month, the unemployment rates for adult men (4.7 percent), whites (4.4 percent), and Hispanics or Latinos (6.1 percent) edged down, while the rates for adult women (4.6 percent), teenagers (16.3 percent), and blacks or African Americans (10.6 percent) showed little change. The unemployment rate for Asians was 4.2 percent, not seasonally adjusted. (See tables A-1, A-2, and A-3.)

The number of long-term unemployed—those unemployed 27 weeks and over—was about unchanged over the month. This group accounted for 20.9 percent of the unemployed. (See table A-9.)

The establishment survey data in this release have been revised as a result of the annual benchmarking process and the updating of seasonal adjustment factors. See the note beginning on page 5 for more information on the revisions.

In addition, household survey data for January 2005 reflect updated population controls. See the note on page 6 for more information.